

Proposed Cajon Project Area

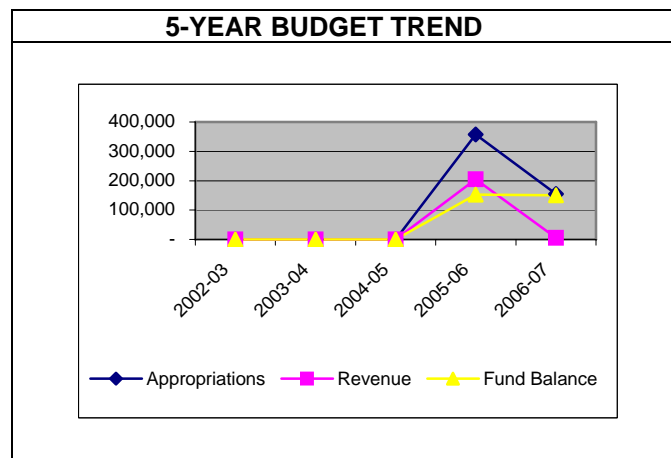
DESCRIPTION OF MAJOR SERVICES

In 2004, the Redevelopment Agency began initial steps toward the creation of a new project area in the Cajon community (areas in and around Muscoy). On August 17, 2004, the Board received and filed the feasibility study concerning a possible redevelopment project area for Cajon. The criteria reviewed in the study were meeting the 80% urbanization criteria under California Redevelopment Law (CRL), meeting the blight conditions under CRL, and being economically feasible as redevelopment project area. The report determined that the Cajon area would qualify as project area. On November 9, 2004, the Board adopted a resolution to begin the process to adopt a Redevelopment Plan for the Cajon area. It is anticipated that this proposed project area, if adopted and the ordinance and redevelopment plan transmitted to the State Board of Equalization before November 30, 2006, will begin to receive tax increment revenue in 2007-08.

Plan preparation expenses are funded through \$500,000 in loans from the county general fund. The loans will be repaid if the project area is established and when the project area generates sufficient tax increment revenues or other financing is available.

There are no budgeted positions assigned to this proposed project area, however administrative and staffing costs are allocated to this project area based on time studies.

BUDGET HISTORY



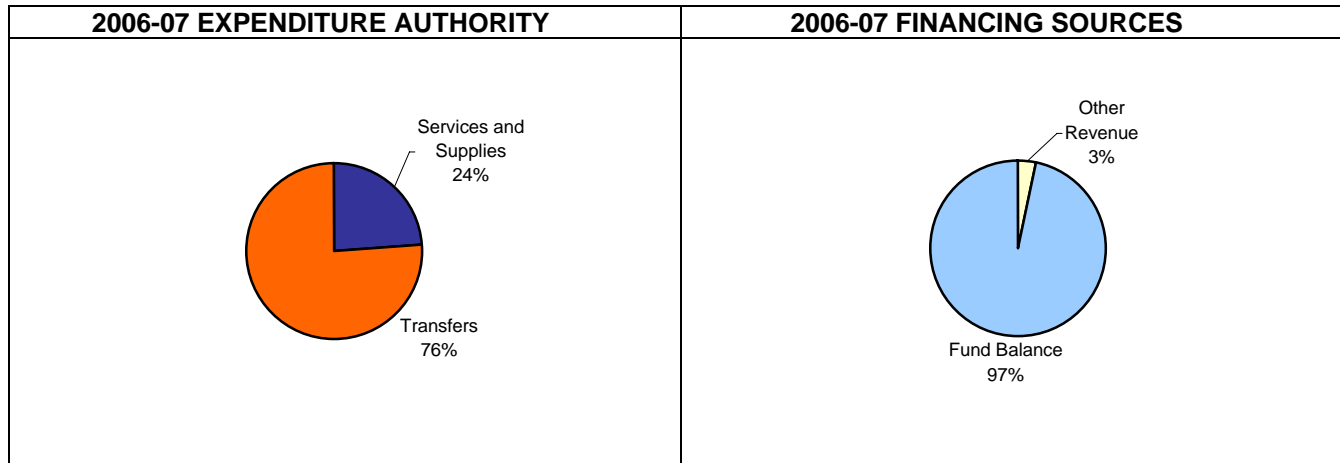
PERFORMANCE HISTORY

	Actual 2002-03	Actual 2003-04	Actual 2004-05	Modified Budget 2005-06	Estimate 2005-06
Appropriation	-	-	150,351	357,304	211,462
Departmental Revenue	-	-	302,655	205,000	209,100
Fund Balance	-	-	-	152,304	-

In accordance with Section 29009 of the State Government Code, the entire unreserved fund balance must be appropriated each year. Accordingly, actual expenditures in these funds are typically less than budgeted. The amount not expended is carried over to the subsequent year's budget.



ANALYSIS OF PROPOSED BUDGET



GROUP: Economic Development
DEPARTMENT: Redevelopment Agency
FUND: Cajon Proposed Project Area

BUDGET UNIT: SPO MUS
FUNCTION: General
ACTIVITY: Other General

	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Estimate	2005-06 Final Budget	2006-07 Proposed Budget	Change From 2005-06 Final Budget
<u>Appropriation</u>							
Services and Supplies	-	-	93,544	89,100	273,895	36,982	(236,913)
Transfers	-	-	56,807	122,362	83,409	117,960	34,551
Total Appropriation	-	-	150,351	211,462	357,304	154,942	(202,362)
<u>Departmental Revenue</u>							
Use Of Money and Prop	-	-	2,655	9,100	5,000	5,000	-
Total Revenue	-	-	2,655	9,100	5,000	5,000	-
Operating Transfers In	-	-	300,000	200,000	200,000	-	(200,000)
Total Financing Sources	-	-	302,655	209,100	205,000	5,000	(200,000)
Fund Balance					152,304	149,942	(2,362)

In 2006-07, the department will incur decreased costs in services and supplies of \$236,913 as a result of one time studies being completed or encumbered in 2005-06 and funding limitations. Transfers to San Sevine to cover allocated staffing and administrative costs associated with the project area are budgeted to increase by \$34,551.

Included with this budget is a policy item requesting a general fund loan of \$60,000 to cover allocated staff time, professional services, and administrative costs. Without this loan there will be insufficient resources to cover all anticipated expenses for the fiscal year 2006-07 to continue consideration of the Proposed Project Area.



POLICY ITEM REQUESTS						
Rank	Brief Description of Policy Item	Budgeted Staffing	Appropriation	Departmental Revenue	Fund Balance	Proposed 2006-07 Performance Measurement
1	Loan from General Fund Loan from general fund to cover allocated staff time, professional services, and administrative costs of \$60,000. This additional \$60,000 General Fund loan will bring the loan total for this proposed project area to \$560,000. The county loans bear an interest rate that is 1% greater than the county's pooled investment rate. The CoRDA will repay the county with tax increment revenue generated in the project areas within ten years. Should the project areas not be formed, the county will forgive the loan. As a result of this action, the general fund's unreserved fund balance would be decreased by \$60,000, which means that these funds will not be available to the general fund for appropriations until repaid. Without this loan there will be insufficient resources to cover all anticipated expenses for the fiscal year 2006-07 to continue consideration of the Proposed Project Area. If this project area is approved, due to the delay in the receipt of tax increment revenue, additional loan funds will be required for an economic study estimated at a cost of \$50,000 and housing studies estimated at \$25,000. Loans would be required to pay for these reports because they would need to be completed prior to the initial receipt of tax increment from the area. If the project area is formed prior to November 30, then the initial tax increment would be received the following fiscal year.	-	60,000	-	60,000	
Total		-	60,000	-	60,000	

